

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1625-01  
Bill No.: HB 612 with HCA 1  
Subject: Enacts the Community First Act for compliance with U.S. Supreme Court decision in Olmstead regarding provision of Medicaid benefits.  
Type: Original  
Date: March 26, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$126,000)	(\$138,000)	(\$153,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$126,000)</b>	<b>(\$138,000)</b>	<b>(\$153,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Mental Health (DMH)** stated that as written, this legislation which establishes the Community First Commission to oversee the state's compliance with the Olmstead decision, would have no fiscal impact on the DMH. The DMH would have to implement recommendations from the Commission. In addition, the proposal states that persons institutionalized in nursing homes who are Medicaid eligible and who wish to move back into the community shall be eligible for a one-time Missouri transition to independence grant. Furthermore, the legislation states that the Department of Social Services and Division of Vocational Rehabilitation shall allow Medicaid funding to follow the disabled individual. The DMH does have consumers who live in nursing homes, however, few of these persons are likely to want to transition out. If they would want to transition out and are able to do so, it is the DMH's understanding that the funding currently in the Department of Social Services' appropriation bill that supports the person in the nursing home institution would be allowed to follow/support the individual in the community (but that money can only be for state plan services like personal care or services authorized by Division of Aging or Vocational Rehabilitation.) Lastly, the transition to independence grant isn't available to persons who live in the DMH facilities who might want to move to the community. As written, the proposal applies only to persons leaving nursing homes.

Officials from the **Department of Labor, Missouri House of Representatives, and Office of Lieutenant Governor** stated the proposed legislation would not fiscally impact their organizations.

Officials from the **Missouri Senate (SEN)** stated fiscal impact would be negligible and could be absorbed from current appropriations.

Officials from the **Department of Health (DOH)** stated this legislation would not be expected to significantly impact the operations of the DOH. If the proposal were to substantially impact the DOH programs, then the DOH would request funding through the appropriations process.

Officials from the **Office of Secretary of State (SOS)** stated this bill creates the Community First Act and Commission. This bill does not contain any rule making authority, although the Commission it creates can make recommendations for Administrative Rule changes. Therefore, the bill in and of itself, will not result in any rules being promulgated and has no fiscal impact on the SOS.

Officials from the **Department of Elementary and Secondary Education (DES)** assume the proposal will require funding the Missouri transition to independence grant in the following manner:

ASSUMPTION (continued)

FY 02 \$1,500 per grant x 84 estimated recipients = \$126,000 estimated grant costs.  
 FY 03 \$1,500 per grant x 92 estimated recipients = \$138,000 estimated grant costs.  
 FY 04 \$1,500 per grant x 102 estimated recipients = \$153,000 estimated grant costs.

The number of estimated recipients is limited to those consumers with disabilities existing in nursing homes with the assistance of the Missouri transition grant. The estimate does not include those consumers eligible for this grant due to aging.

Officials from the **Department of Social Services (DOS)** stated the amendment does not change the fiscal impact to the DOS; the fiscal impact is still \$0.

Officials from the **Office of the Governor (GOV)** did not respond to our request for fiscal impact. However, in an earlier version of the proposed legislation the GOV officials stated the proposed legislation would have no direct cost to their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**GENERAL REVENUE FUND**

Costs - Department of Elementary and  
 Secondary Education

Missouri Transition Grants	<u>(\$126,000)</u>	<u>(\$138,000)</u>	<u>(\$153,000)</u>
Total <u>Costs</u> - Department of Elementary and Secondary Education	<u>(\$126,000)</u>	<u>(\$138,000)</u>	<u>(\$153,000)</u>

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$126,000)</u></b>	<b><u>(\$138,000)</u></b>	<b><u>(\$153,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

There may be an economic impact on the nursing facilities as disabled individuals leave the facilities and return to the community and an economic impact on those who provide in-home services to those individuals returning to a community setting. The economic impact of the proposed legislation on small business is unknown.

DESCRIPTION

The proposed legislation establishes the “Community First Commission” to oversee the state’s compliance with the decision in Olmstead and implement the recommendations of the temporary home and community-based services and consumer-directed care commission of 2000. The duties of the community first commission shall include, but not be limited to: 1) facilitating communication and collaboration between state agencies and departments in accomplishing the objectives of the temporary home and community-based services and consumer-directed care commission of 2000 and the community first commission; 2) assessing the manner in which institutionalized individuals with disabilities transition into community-based treatment settings and evaluating the community-based treatment settings on their success in keeping at-risk individuals with disabilities out of institutions; and, 3) developing recommendations for legislative or administrative rule changes.

The community first commission shall consist of twenty-one members including public members appointed by the governor, various department directors, the executive director of the Governor’s Council on Disabilities, the Lieutenant Governor, and two members each from the House of Representatives and the Senate. The commission will meet biannually and receive no compensation for duties performed (expenses will be reimbursed). By January 31<sup>st</sup> of each year, the commission will submit a report to the Governor and General Assembly detailing the status of the state’s compliance and include recommendations for changes. The commission is to be re-authorized by the General Assembly every four years.

The Department of Social Services and the Division of Vocational Rehabilitation shall allow Medicaid funding to follow the disabled individual. Persons institutionalized in nursing homes who are Medicaid eligible and wish to move back into the community shall be eligible for a one-time Missouri transition to independence grant. The grant will be limited to up to fifteen hundred dollars to offset the initial down payments and setup costs associated with housing as the person moves out of a nursing home. The Division of Vocational Rehabilitation and Department of Social Services shall cooperate in actively seeking federal and private grant moneys to fund this program, except that the grant moneys shall not limit the General Assembly from appropriating moneys for the Missouri transition to independence grants.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Health  
Missouri House of Representatives  
Office of Lieutenant Governor  
Missouri Senate  
Office of Secretary of State  
Department of Labor  
Department of Social Services  
Department of Mental Health

**NOT RESPONDING: Office of the Governor**

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA  
Director  
March 26, 2001